

# Joint Legislative Audit Committee

OFFICE OF THE AUDITOR GENERAL

## California Legislature



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LOS ANGELES

August 1, 1978

Letter Report 801

The Honorable Mervyn Dymally  
Lieutenant Governor  
State Capitol, Room 1028  
Sacramento, California 95814

Dear Mr. Dymally:

Your Joint Legislative Audit Committee respectfully forwards  
the Auditor General's letter report on the Legal Costs of  
School Districts.

The auditors are Richard I. LaRock, Audit Supervisor and  
J. Peter Bouvier.

Cordially,

MIKE CULLEN  
Chairman



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July 27, 1978

Letter Report 801

Honorable Mike Cullen  
Chairman, and Members of the  
Joint Legislative Audit Committee  
Room 5144, State Capitol  
Sacramento, California 95814

Dear Mr. Chairman and Members:

In response to a resolution of the Joint Legislative Audit Committee, we have conducted a survey to compile school district legal service costs for fiscal years 1975, 1976 and 1977 with subcosts for (1) collective bargaining and (2) integration. This survey was conducted under authority vested in the Auditor General by Section 10527 of the Government Code.

We have applied survey procedures agreed upon by the Lieutenant Governor's Office, which requested the survey, and the Auditor General's Office. The survey procedures used to compile school district legal service costs are described below.

- The Auditor General's staff developed legal service cost questionnaires to send to local educational agencies (LEAs) and county counsels (Attachment A). The questionnaires were reviewed by the Lieutenant Governor's Office, the State Department of Education and the Chancellor's Office of the California Community Colleges.

Honorable Mike Cullen  
Chairman, and Members of the  
Joint Legislative Audit Committee  
July 27, 1978  
Page 2

- We mailed the questionnaires to kindergarten through twelfth grade (K-12) school districts, community college districts, county superintendents of schools and county counsels.
- Fifty days were allowed for completion and return of the questionnaires.
- The responses to the LEA questionnaires were compiled as shown in Attachments B and C.

We did not compile the responses from county counsels because they appear to be inconsistent and may be duplicative of LEA responses. Many LEAs are represented partially or exclusively by county counsels who do not charge LEAs for legal services and do not keep separate records of costs of legal services rendered to each LEA.

The accounting systems used by LEAs are not designed to separately record legal service costs nor subcosts for collective bargaining or integration. The LEAs, therefore, were required to identify total and components of legal service costs to complete the legal service cost questionnaire. Estimated audit costs to validate the reported legal service costs were prohibitive. Therefore, the agreed-upon procedures did not include audit of the legal service cost data reported, and the Auditor General makes no attestation to the accuracy or reliability of the legal service costs reported by LEAs in Attachment C.

Audit standards of the American Institute of Certified Public Accountants provide that when the scope of an engagement is limited to applying agreed-upon procedures to specific elements, accounts or items of financial statements, distribution of the report should be restricted to parties involved (Attachment D). Therefore, because of the nature of the data, this report should be distributed only to members of your staff or staff members of the following agencies who assisted in the conduct of this survey:

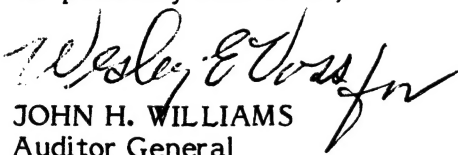
- The Lieutenant Governor's Office
- The State Department of Education
- The Chancellor's Office of the California Community Colleges.

Honorable Mike Cullen  
Chairman, and Members of the  
Joint Legislative Audit Committee  
July 27, 1978  
Page 3

Thirty-two percent of K-12 school districts and forty-three percent of community college districts responded to the questionnaires and reported charges for legal services. These same districts represented the following proportions of the total California student enrollment in the fall of 1977: K-12 districts—forty-one percent; and community college districts—thirty-nine percent.

We have made no attempt to determine if the legal service costs of the reporting LEAs are representative of LEAs that did not respond to the legal service cost questionnaires.

Respectfully submitted,

  
JOHN H. WILLIAMS  
Auditor General

Staff: Richard LaRock, Audit Supervisor  
J. Peter Bouvier

Attachments:

Attachment A—Legal Service Cost Questionnaires Sent to LEAs and County Counsels

Attachment B--Summary of LEAs Responding to Legal Service Cost Questionnaires

Attachment C—Summaries of Legal Service Costs of Reporting LEAs

Attachment D—Excerpt from Audit Standards of American Institute of Certified Public Accountants

ATTACHMENT A

LEGAL SERVICE COST QUESTIONNAIRES SENT  
TO LEAs AND COUNTY COUNSELS

K-12 school districts and county  
superintendents of schools

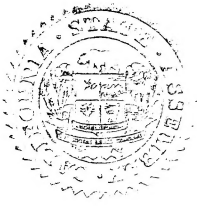
Attachment A-1

Community college districts

Attachment A-2

County counsels

Attachment A-3



# Joint Legislative Audit Committee

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### QUESTIONNAIRE SENT TO K-12 SCHOOL DISTRICTS AND COUNTY SUPERINTENDENTS OF SCHOOLS

SENATORS  
PAUL CARPENTER  
CYPRESS  
GEORGE DEUKMEJIAN  
LONG BEACH  
NATE HOLDEN  
LOS ANGELES

April 26, 1978

801

Dear Superintendent:

The Joint Legislative Audit Committee of the California Legislature has directed the Office of the Auditor General to compile total school district legal costs, with subcosts for (1) collective bargaining and (2) integration, for fiscal years 1975, 1976 and 1977. Our survey is being conducted with the cooperation of the State Department of Education and the Chancellor's Office of California Community Colleges.

The purpose of this survey is to determine if recent legislation has caused increased legal expenses. To accomplish this, it is necessary to obtain the legal service costs for each of the requested years. If exact expenditures for legal services are not available, please give your best estimated costs and indicate them as estimates. Legal service costs are defined, for this survey, as those fees charged the district by law firms or attorneys for services rendered.

Your prompt completion and return of the enclosed legal cost questionnaire by June 15, 1978 will be appreciated. If you wish clarification on any aspect of the survey, please telephone either Peter Bouvier or Richard LaRock of the Auditor General's Office at (916)445-0255.

Sincerely,

JOHN H. WILLIAMS  
Auditor General

JHW:JPB/arm  
Enclsoure

Please complete the following schedule of district legal service expenditures for fiscal years 1975, 1976 and 1977.

Legal Service Expenditures are defined as those fees charged the district by law firms or attorneys for services rendered. The County Counsel's Office will be considered a law firm for charged services.

Other Legal Services include those legal services, other than collective bargaining and integration services, provided the district by law firms or attorneys. Examples include personal injury litigation, contract drafting and review, and condemnation proceedings.

District Expenditures, Year Ended June 30, 1975

☐ All Legal Services Performed By County Counsel Without Cost to District

<u>Type of Service Provided</u>	<u>Salaries and Benefits Paid For Staff Counsel</u>	<u>Amounts Paid By School District To Private Counsel</u>	<u>Payments to County Counsels or District Attorneys</u>	<u>Total School District Legal Costs</u>
Collective Bargaining	\$ _____	\$ _____	\$ _____	\$ _____
Integration	\$ _____	\$ _____	\$ _____	\$ _____
Other Legal Services	\$ _____	\$ _____	\$ _____	\$ _____
Total School District- Legal Costs	\$ _____	\$ _____	\$ _____	\$ _____

District Expenditures, Year Ended June 30, 1976

☐ All Legal Services Performed By County Counsel Without Cost to District

<u>Type of Service Provided</u>	<u>Salaries and Benefits Paid For Staff Counsel</u>	<u>Amounts Paid By School District To Private Counsel</u>	<u>Payments to County Counsels or District Attorneys</u>	<u>Total School District Legal Costs</u>
Collective Bargaining	\$ _____	\$ _____	\$ _____	\$ _____
Integration	\$ _____	\$ _____	\$ _____	\$ _____
Other Legal Services	\$ _____	\$ _____	\$ _____	\$ _____
Total School District Legal Costs	\$ _____	\$ _____	\$ _____	\$ _____

District Expenditures, Year Ended June 30, 1977

☐ All Legal Services Performed By County Counsel Without Cost to District

<u>Type of Service Provided</u>	<u>Salaries and Benefits Paid For Staff Counsel</u>	<u>Amounts Paid By School District To Private Counsel</u>	<u>Payments to County Counsels or District Attorneys</u>	<u>Total School District Legal Costs</u>
Collective Bargaining	\$ _____	\$ _____	\$ _____	\$ _____
Integration	\$ _____	\$ _____	\$ _____	\$ _____
Other Legal Services	\$ _____	\$ _____	\$ _____	\$ _____
Total School District Legal Costs	\$ _____	\$ _____	\$ _____	\$ _____

Signed by \_\_\_\_\_

School District \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_



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### QUESTIONNAIRE SENT TO COMMUNITY COLLEGE DISTRICTS

SENATORS  
PAUL CARPENTER  
CYPRESS  
GEORGE DEUKMEJIAN  
LONG BEACH  
NATE HOLDEN  
LOS ANGELES

April 26, 1978

801

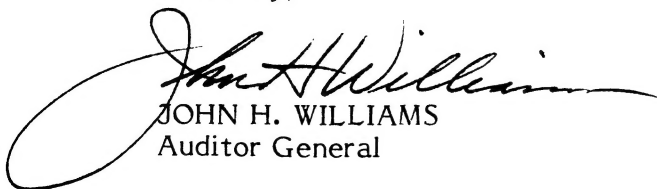
Dear Chancellor:

The Joint Legislative Audit Committee of the California Legislature has directed the Office of the Auditor General to compile total school district legal costs, with subcosts for collective bargaining, for fiscal years 1975, 1976 and 1977. Our survey is being conducted with the cooperation of the State Department of Education and the Chancellor's Office of California Community Colleges.

The purpose of this survey is to determine if recent legislation has caused increased legal expenses. To accomplish this, it is necessary to obtain the legal service costs for each of the requested years. If exact expenditures for legal services are unavailable, please give your best estimated costs and indicate them as estimates. Legal service costs are defined, for this survey, as those fees charged the district by law firms or attorneys for services rendered.

Your prompt completion and return of the enclosed legal cost questionnaire by June 15, 1978 will be appreciated. If you wish clarification on any aspect of the survey, please telephone either Peter Bouvier or Richard LaRock of the Auditor General's Office at (916)445-0255.

Sincerely,



JOHN H. WILLIAMS  
Auditor General

JHW:JPB/arm  
Enclosure



LEGAL SERVICE COST QUESTIONNAIRE

Please complete the following schedule of district legal service expenditures for fiscal years 1975, 1976 and 1977.

Legal Service Expenditures are defined as those fees charged the district by law firms or attorneys for services rendered. The County Counsel's Office will be considered a law firm for charged services.

Other Legal Services include those legal services, other than collective bargaining services, provided the district by law firms or attorneys. Examples include personal injury litigation, contract drafting and review, and condemnation proceedings.

District Expenditures, Year Ended June 30, 1975

☐ All Legal Services Performed By County Counsel Without Cost to District

<u>Type of Service Provided</u>	<u>Salaries and Benefits Paid For Staff Counsel</u>	<u>Amounts Paid By School District To Private Counsel</u>	<u>Payments to County Counsels or District Attorneys</u>	<u>Total School District Legal Costs</u>
Collective Bargaining	\$ _____	\$ _____	\$ _____	\$ _____
Other Legal Services	\$ _____	\$ _____	\$ _____	\$ _____
Total School District Legal Costs	\$ _____	\$ _____	\$ _____	\$ _____

District Expenditures, Year Ended June 30, 1976

☐ All Legal Services Performed By County Counsel Without Cost to District

<u>Type of Service Provided</u>	<u>Salaries and Benefits Paid For Staff Counsel</u>	<u>Amounts Paid By School District To Private Counsel</u>	<u>Payments to County Counsels or District Attorneys</u>	<u>Total School District Legal Costs</u>
Collective Bargaining	\$ _____	\$ _____	\$ _____	\$ _____
Other Legal Services	\$ _____	\$ _____	\$ _____	\$ _____
Total School District Legal Costs	\$ _____	\$ _____	\$ _____	\$ _____

District Expenditures, Year Ended June 30, 1977

☐ All Legal Services Performed By County Counsel Without Cost to District

<u>Type of Service Provided</u>	<u>Salaries and Benefits Paid For Staff Counsel</u>	<u>Amounts Paid By School District To Private Counsel</u>	<u>Payments to County Counsels or District Attorneys</u>	<u>Total School District Legal Costs</u>
Collective Bargaining	\$ _____	\$ _____	\$ _____	\$ _____
Other Legal Services	\$ _____	\$ _____	\$ _____	\$ _____
Total School District Legal Costs	\$ _____	\$ _____	\$ _____	\$ _____

Signed by \_\_\_\_\_

Community College District

Title \_\_\_\_\_

Date \_\_\_\_\_



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### QUESTIONNAIRE SENT TO COUNTY COUNSELS

SENATORS  
PAUL CARPENTER  
CYPRESS

GEORGE DEUKMEJIAN  
LONG BEACH

NATE HOLDEN  
LOS ANGELES

April 26, 1978

801

Dear County Counsel:

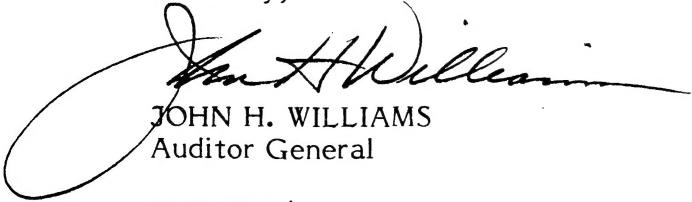
The Joint Legislative Audit Committee of the California Legislature has directed the Office of the Auditor General to compile total school district legal costs, with subcosts for (1) collective bargaining and (2) integration, for fiscal years 1975, 1976 and 1977. Our survey is being conducted with the cooperation of the State Department of Education and the Chancellor's Office of California Community Colleges.

The purpose of this survey is to determine if recent legislation has caused increased legal expenses. To accomplish this, it is necessary to obtain the legal service costs for each of the requested years.

Your office may not have records to separately identify legal services to school districts or collective bargaining and integration costs. If this is the case, please estimate such costs. Legal services are defined, for this survey, as those fees charged the district for services rendered.

Your prompt completion and return of the enclosed legal cost questionnaire by June 15, 1978 will be appreciated. If you wish clarification on any aspect of the survey, please telephone either Peter Bouvier or Richard LaRock of the Auditor General's Office at (916)445-0255.

Sincerely,



JOHN H. WILLIAMS  
Auditor General

JHW:JPB/arm  
Enclosure

LEGAL SERVICE COST QUESTIONNAIRE

Please complete the following schedule of district legal service expenditures for fiscal years 1975, 1976 and 1977.

Legal Service Expenditures are defined as those fees charged the district for services rendered.

Other Legal Services include those legal services, other than collective bargaining and integration services, provided the district. Examples include personal injury litigation, contract drafting and review, and condemnation proceedings.

District Expenditures, Year Ended June 30, 1975

<u>Collective Bargaining</u>	<u>Integration</u>	<u>Other Legal Services</u>	<u>Total County Cost of Legal Services Provided School Districts</u>
\$ _____	\$ _____	\$ _____	\$ _____

District Expenditures, Year Ended June 30, 1976

<u>Collective Bargaining</u>	<u>Integration</u>	<u>Other Legal Services</u>	<u>Total County Cost of Legal Services Provided School Districts</u>
\$ _____	\$ _____	\$ _____	\$ _____

District Expenditures, Year Ended June 30, 1977

<u>Collective Bargaining</u>	<u>Integration</u>	<u>Other Legal Services</u>	<u>Total County Cost of Legal Services Provided School Districts</u>
\$ _____	\$ _____	\$ _____	\$ _____

Signed by \_\_\_\_\_, County \_\_\_\_\_

Title \_\_\_\_\_ Date \_\_\_\_\_

ATTACHMENT B

SUMMARY OF  
LEAs RESPONDING TO  
LEGAL SERVICE COST QUESTIONNAIRES\*

	<u>K-12 School Districts</u>	<u>County Superintendents Of Schools</u>	<u>Community College Districts</u>
<u>NUMBER:</u>			
Total number of LEAs	<u>1,046</u>	<u>58</u>	<u>70</u>
LEAs responding to questionnaires	485	26	39
Less: LEAs reporting no charges for legal services*	<u>146</u>	<u>10</u>	<u>9</u>
LEAs reporting charges for legal services	339	16	30
Percent of total number of LEAs reporting charges for legal services	<u>32%</u>	<u>28%</u>	<u>43%</u>
<u>ENROLLMENT:</u>			
Total fall 1977 LEA enrollments	<u>4,960,942</u>	<u>27,939</u>	<u>1,322,118</u>
Fall enrollments of LEAs reporting charges for legal services	2,022,694**	12,384	512,676
Percent of total enrollments represented by LEAs reporting charges for legal services	<u>41%</u>	<u>44%</u>	<u>39%</u>

\* Some LEAs responding to the questionnaire reported that all legal services for the LEA were provided without cost by the county counsel.

\*\* Enrollment of K-12 school districts does not include students enrolled in county superintendent of school programs.

ATTACHMENT C

SUMMARIES OF  
LEGAL SERVICE COSTS OF REPORTING LEAs

K-12 school districts	Attachment C-1
County superintendents of schools	Attachment C-2
Community college districts	Attachment C-3

## \*\*\*UNAUDITED DATA\*\*\*

SUMMARY OF LEGAL SERVICE COSTS OF  
REPORTING K-12 SCHOOL DISTRICTS

	Salaries and Benefits Paid for Staff Counsel	Amounts Paid to Private Counsel	Payments to County Counsels	Total
<u>YEAR ENDED JUNE 30, 1975</u>				
Collective bargaining	\$ 66,861	\$ 265,659	\$ 4,950	\$ 337,470
Integration	-	\$ 52,331	\$ 6,894	\$ 59,225
Other legal services	\$ 72,955	\$ 151,907	\$42,031	\$ 266,893
Total	<u>\$139,816</u>	<u>\$ 469,897</u>	<u>\$53,875</u>	<u>\$ 663,588</u>
<u>YEAR ENDED JUNE 30, 1976</u>				
Collective bargaining	\$141,822	\$ 717,058	\$ 5,532	\$ 864,412
Integration	-	\$ 85,175	\$ 1,549	\$ 86,724
Other legal services	\$105,149	\$ 370,572	\$49,611	\$ 525,332
Total	<u>\$246,971</u>	<u>\$1,172,805</u>	<u>\$56,692</u>	<u>\$1,476,468</u>
<u>YEAR ENDED JUNE 30, 1977</u>				
Collective bargaining	\$186,761	\$1,511,755	\$15,873	\$1,714,389
Integration	\$ 1,000	\$ 98,037	\$11,667	\$ 110,704
Other legal services	\$137,810	\$ 441,596	\$54,504	\$ 633,910
Total	<u>\$325,571</u>	<u>\$2,051,388</u>	<u>\$82,044</u>	<u>\$2,459,003</u>

DEFINITIONS:

Legal Service Costs are defined as those fees charged the LEA by law firms or attorneys for services rendered. The County Counsel's Office is considered a law firm for charged services. Legal services provided by the county counsel without charge to LEAs are not defined as legal service costs to LEAs.

Collective Bargaining is the procedure to reach mutual agreements between public school employers and accredited public school employee representatives on matters permitted by the California Government Code Section 3540 et seq.

Other Legal Services include those legal services, other than collective bargaining and integration services, provided the LEA by law firms or attorneys. Examples include personal injury litigation, contract drafting and review, and condemnation proceedings.

\*\*\*UNAUDITED DATA\*\*\*

## \*\*\*UNAUDITED DATA\*\*\*

SUMMARY OF LEGAL SERVICE COSTS OF  
REPORTING COUNTY SUPERINTENDENTS  
OF SCHOOLS (SEE ATTACHMENT B)

	Salaries and Benefits Paid for Staff Counsel	Amounts Paid to Private Counsel	Payments to County Counsels	Total
<u>YEAR ENDED JUNE 30, 1975</u>				
Collective bargaining	-	\$ 2,460	-	\$ 2,460
Integration	-	-	-	-
Other legal services	\$43,000	-	\$ 300	\$ 43,300
Total	<u>\$43,000</u>	<u>\$ 2,460</u>	<u>\$ 300</u>	<u>\$ 45,760</u>
<u>YEAR ENDED JUNE 30, 1976</u>				
Collective bargaining	-	\$32,721	\$ 2,650	\$ 35,371
Integration	-	-	-	-
Other legal services	\$46,000	\$ 5,091	\$14,680	\$ 65,771
Total	<u>\$46,000</u>	<u>\$37,812</u>	<u>\$17,330</u>	<u>\$101,142</u>
<u>YEAR ENDED JUNE 30, 1977</u>				
Collective bargaining	\$ 6,065	\$46,975	\$ 1,075	\$ 54,115
Integration	-	-	-	-
Other legal services	\$50,313	\$46,334	\$16,400	\$113,047
Total	<u>\$56,378</u>	<u>\$93,309</u>	<u>\$17,475</u>	<u>\$167,162</u>

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Collective Bargaining is the procedure to reach mutual agreements between public school employers and accredited public school employee representatives on matters permitted by the California Government Code Section 3540 et seq.

Other Legal Services include those legal services, other than collective bargaining and integration services, provided the LEA by law firms or attorneys. Examples include personal injury litigation, contract drafting and review, and condemnation proceedings.

## \*\*\*UNAUDITED DATA\*\*\*

SUMMARY OF LEGAL SERVICE COSTS OF  
REPORTING COMMUNITY COLLEGE DISTRICTS  
(SEE ATTACHMENT B)

	Salaries and Benefits Paid for Staff Counsel	Amounts Paid to Private Counsel	Payments to County Counsels	Total
<u>YEAR ENDED JUNE 30, 1975</u>				
Collective bargaining	<u>-</u>	<u>\$ 51,553</u>	<u>-</u>	<u>\$ 51,553</u>
Other legal services	<u>-</u>	<u>\$ 19,205</u>	<u>\$1,700</u>	<u>\$ 20,905</u>
Total	<u>-</u>	<u>\$ 70,758</u>	<u>\$1,700</u>	<u>\$ 72,458</u>
<u>YEAR ENDED JUNE 30, 1976</u>				
Collective bargaining	<u>-</u>	<u>\$ 78,839</u>	<u>-</u>	<u>\$ 78,839</u>
Other legal services	<u>-</u>	<u>\$ 45,506</u>	<u>\$1,739</u>	<u>\$ 47,245</u>
Total	<u>-</u>	<u>\$124,345</u>	<u>\$1,739</u>	<u>\$126,084</u>
<u>YEAR ENDED JUNE 30, 1977</u>				
Collective bargaining	<u>-</u>	<u>\$240,228</u>	<u>-</u>	<u>\$240,228</u>
Other legal services	<u>\$19,163</u>	<u>\$ 59,844</u>	<u>\$1,036</u>	<u>\$ 80,043</u>
Total	<u>\$19,163</u>	<u>\$300,072</u>	<u>\$1,036</u>	<u>\$320,271</u>

DEFINITIONS:

Legal Service Costs are defined as those fees charged the LEA by law firms or attorneys for services rendered. The County Counsel's Office is considered a law firm for charged services. Legal services provided by the county counsel without charge to LEAs are not defined as legal service costs to LEAs.

Collective Bargaining is the procedure to reach mutual agreements between public school employers and accredited public school employee representatives on matters permitted by the California Government Code Section 3540 et seq.

Other Legal Services include those legal services, other than collective bargaining and integration services, provided the LEA by law firms or attorneys. Examples include personal injury litigation, contract drafting and review, and condemnation proceedings.

\*\*\*UNAUDITED DATA\*\*\*



EXCERPT FROM AUDIT STANDARDS  
OF AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**CODIFICATION  
OF  
STATEMENTS ON  
AUDITING STANDARDS  
  
NUMBERS 1 TO 21**

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

## Special Reports

343

**Reports Relating to the Results of Applying Agreed-Upon Procedures to Specified Elements, Accounts, or Items of a Financial Statement**

.15 When the scope of an engagement is limited to applying, to one or more specified elements, accounts, or items of a financial statement, agreed-upon procedures that are not sufficient to enable the accountant to express an opinion on the specified elements, accounts, or items, he should so state in his report. Acceptance of such an engagement is appropriate only if (a) the parties involved have a clear understanding of the procedures<sup>8</sup> to be performed, (b) distribution of the report is to be restricted to named parties involved, and (c) financial statements of the entity are not to accompany the report. The accountant's report should (a) indicate the specified elements, accounts, or items to which the agreed-upon procedures were applied, (b) indicate the intended distribution of the report, (c) enumerate the procedures performed, (d) state the accountant's findings, (e) disclaim an opinion with respect to the specified elements, accounts, or items, and (f) state that the report should not be associated with the financial statements of the entity.